1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

505 traffic. One or two free-lance enterprises were additional to these —a Baṣra-owned steamer plying to Baghdad, another weekly from Baghdad to Samarrā; many abortive projects had been formed for larger development. The Saniya Administration had advanced plans, in 1890, for an extended service to include voyages to Mosul and even to Jazira-ibn-'Umar, and a new survey of the Euphrates was ordered in preparation for free navigation from Maskana or Jarablus to Baṣra. Nothing resulted from these projects, but the advancing shadow of the Baghdad Railway, with which their authors loved to connect them, gave encouragement. A ship-building yard was established at Baghdad in 1890.

504 The port of Baṣra, sole sea gateway of 'Iraq, carried by far the greatest part of its trade and traffic, of which in 1900 a negligible part was other than British or British-Indian. Russian and German trade was not yet established, while the 'Iraqis contributed little to the movements of the port. The Shaṭṭ al-'Arab waterway, thanks to survey and buoying by British hands, gave access and security to anchorages opposite the 'Ashar and Khandaq creeks which connected it with Baṣra city. The management of the port was primitive, quarantine and customs provisions inept, vexatious, and venal. No wharves, cranes, sheds or other port equipment were provided; loading and discharging overside to and from lighters in midstream were slow and costly operations.

206 Since the 'sixties of the century 'Iraq had had its place in the world's telegraphic system. It was connected through Fao with India, through Mosul and Jazira-ibn-'Umar with the rest of Turkey, through Khaniqin (or through Fao and Bushire) with Persia. The handling of traffic was slow and unreliable. But the extension of the system to most parts of 'Iraq, vulnerable and faltering as it was, and with Kurdish districts still unpenetrated, had yet done
205 much to assist administration and to modernize society. Postal services dated in some form from the eighteenth century. In the 'sixties of the nineteenth, British-Indian steamers began to carry the Indian and European mails to Baṣra, where the service connected with the river steamers. The Indian Post Offices opened in 1868. The British camel mail to Damascus, discontinued in 1886 after a century of service, was replaced by a Turkish mail along the same route, carried by 'Aniza tribal riders. The time-honoured horse-borne Tatar mail left Baghdad every Monday for Istanbul, by way of Mosul and Diyarbakr.

7. THE GOVERNMENT

631 The enormous difficulties of governing the three wilayas arose, it is now clear, from a complex of elements. The territory was ill provided with means of communication, and much of it was

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

563 battalion, and to the men's return to the sluggish pauperization of Ba'quba.

871 The Education branch, founded and first inspired by Major H. E. Bowman, was faced with the problem of providing schooling for the youth of 'Iraq in the absence of funds, buildings, books, equipment or teachers in a tithe of sufficient quantities. At a pace always disappointing, but the fastest financially or functionally practicable, primary schools aiming at fair standards were opened to a total of seventy-five by the end of 1919. Fifty-six of these taught in Arabic, eleven in Turkish, seven in Kurdish, one in Persian. The new-founded Teachers' Training College could supply but a part of their urgent needs, and the scale of secondary classes, confined to the three principal cities, was regrettably humble; nor was the country-wide penetration of 'politics' into the schools, thus early, less to be deplored. Means were found to reopen the Law School, and a commercial and a technical school. The many privately-conducted Mullās' schools, archaic in method, scope, and equipment, continued to produce a bare literacy in their thousands of pupils; but the temptation to multiply inferior Government schools was resisted, and the teaching of English almost wholly withheld in spite of a general clamour for it. Upon the desirability of girls' schools, Muslim opinion was at first divided; five, all primary, had been opened by the first weeks of 1920. The schools of the local Christian and Jewish minorities and those of the foreign missions were fostered by support and subsidy; some of these were of high standard. Some archaeological work was carried out by R. Campbell Thompson at Abu Shahrayn (Eridu) in the spring of 1918, and more under H. R. Hall at Ur and elsewhere in 1919.

204 Printing-presses were operating at Najf in 1918, at Sulaymaniya in 1919, and in Baṣra, Baghdad, and Mosul from the occupation of these places. Newspapers in English were published at Baghdad and Baṣra, in Arabic at those cities and Mosul, in Turkish at Kirkuk, in Kurdish at Sulaymaniya.

439 The great increase of goods entering 'Iraq in 1918–19 taxed the young Customs administration of C. R. Watkins and Major A. G. H. Sievwright to the utmost. It was due to cessation of imports into north Persia from Russia, to the increase of 'Iraq's own spending power, and to the general depletion of stocks by war [436] interruption. The Indian rupee, now the universal currency of 'Iraq, supplied an adequate medium; and the rising volume of [504] civilian traffic could be handled easily by the now fully developed Port of Baṣra, which as such came into existence under Colonel J. C. Ward in the autumn of 1919 and was soon afterwards transferred to the Civil Administration. The Railways, when at their greatest

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

reconstructed, offices multiplied, and a mid-desert wireless-station was installed at Ruṭba.

Tigris river navigation did not, and was unlikely to, exceed substantially its pre-1914 scale. The pace was slow, navigation difficult and the Railway in powerful rivalry. The 'Euphrates and Tigris' fleet, managed by 'Mespers', still handled the bulk of the traffic, with its three ancient and two modern paddle-steamers (p. 111). These were increased in 1924 by the acquisition of two stern-wheelers, the *Kadri* and the *Ihsan* both built in 1918, and of the 1908-built *Baghdad*, originally owned by the Idara Nahriya. These three had belonged to the long-established Khudhayri company which was absorbed by 'Euphrates and Tigris' in 1924. A few other Khudhayri boats remained in commission, and the Royal Air Force maintained both the Inland Water Transport dockyard at Baṣra and a few vessels for their own supplies. The Port of Baṣra, administered by J. C. Ward as Port Director under the Finance Ministry of the 'Iraq Government since 1920, was still in 1926 owned by the British Government pending completion of capital repayment by instalments and the creation of a Port Trust. From 1922 onwards the Port was organized on a permanent and self-supporting peace-time basis and supplied all normal facilities both for 'Iraqi trade and for the oil-tanker fleet of Abadan. In 1923 it undertook, by a loan from the Anglo-Persian Oil Company, the dredging of a deep channel through the Fao bar which before 1920 was impassable at high water by any ship drawing more than 20 feet. The agreement provided for a channel of 28-foot depth at high water and 300-foot width, and 12 miles long. Work began in 1924, and the Rooka Channel of these dimensions was opened for traffic in 1926.

The status of 'Iraq Railways, directed by J. R. Tainsh since 1921, was similar to that of the Port: they were British-owned and after 1923 'Iraqi-administered with the aid of British executives and technicians, in anticipation of future purchase and adjustment. The Baṣra–Baghdad line was reopened in April 1921, and thereafter a Musaiyib–Karbalā extension, a line from Mafraq to the Hindiya Barrage and spurs giving access to Khaniqin and to Baṣra city were completed between 1921 and 1924. The Kut–Baghdad line, the Jabal Sanam quarry line south of Zubayr, and that from near Khaniqin to the Persian frontier at Tiaruq (Qurait) were closed in the same period. Permanent bridges were built in 1924 and 1925 at the Euphrates crossings and an extension from the Khaniqin line across the Diyalā to Kifri and Kirkuk was finished in 1925. The main workshops were brought from Shu'ayba to Shalchiya, in the western outskirts of Baghdad, in the same year. The Tigris wagon-ferry link at Baghdad between the

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

were decked for road traffic, passable tracks were pushed far into the Kurdish hills. A 900-foot steel bridge over the Euphrates at Faluja was begun by British contractors, Messrs. Balfour, Beatty & Co., in 1927 and, after interruption by floods and a law case, completed in 1932. Permanent steel bridges across the Tigris at Baghdad and at Mosul were planned, and the latter well begun in 1932. A significant project was the road begun in 1927, and after remarkable engineering feats completed five years later, to connect the 'Iraqi system at Arbil with that of Adharbayjan at Tabriz. The 'Iraqi section, first used by experimental convoys in 1931, passed through the fabulous Rawanduz Gorge and was completed by the Persian section to the shores of Lake Urmiya; but its power to divert the Tabriz trade from Batum or Trebizond to Baghdad was doubtful. The close of the period saw the increased use of a direct Baghdad–'Amman route, and the first experiments in developing a pilgrim highway from Najf to Madina.

The Tigris steamers operated by the Lynch Company and their local competitors doubtfully held their own against rail, air, and road competition, and had little scope for development. The veteran *Blosse Lynch* and the *Baghdad* were sold as scrap in 1927, *Mejidieh* in 1928, and two R.A.F.-owned steamers, the *S.*16 and *S.*14 were acquired in 1927 by the Euphrates Company, to be renamed *Blosse Lynch* and *Mejidieh*; they were joined by the *Tigris* in the same year. The *Zobaida* ceased to be in commission after 1929. At Basra Port the bar-dredging operations at Fao, provisionally completed in 1926, were carried further in 1928–30. They resulted in a dredged channel—the Rooka—giving 30 instead of 28 feet of water at high tide (as compared with 20 feet in 1920) and easier movement over the inner bar. The bulk of the Port traffic consisted, as ever, of oil tankers proceeding to and from Abadan, but the Shatt was used regularly also by the Strick, British India, City, and other British lines, by the (German) Hansa Line and by an occasional ship of the U.S.S.R. or of Sweden. The new Port headquarters ranked among 'Iraq's most imposing buildings. The dredging loan of £460,000 from the Anglo-Persian had soon been repaid, and substitution of 'Iraqi for British and Indian personnel continued. Colonel Ward's Port administration, grouped as a department under Finance, was normally prosperous though badly afflicted by the slump of the years 1929 to 1932. It continued to pay to Great Britain the annual instalments fixed in 1922 as the cost of acquisition, but formation of the Port Trust then envisaged, and again provided in the 1930 Treaty, was not yet in sight.

The history of 'Iraq Railways was at this period uneventful. Their status as between British ownership and 'Iraq Government

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

appointingly, carried little traffic other than some oil supplies to northern Persia. Following completion of the great Faluja bridge (p. 208) other steel bridges were constructed: on the Lesser Zab at Altun Kupri, the Greater Zab at Aski Kellek, and elsewhere. In Baghdad the replacement of the two pontoon crossings by permanent steel bridges was at last decided, and contracts were awarded to Messrs. Holloway Bros. in 1936, a major step in the development of the capital. The new spans of the Mosul bridge were finished. Municipal street-making proceeded everywhere, and not least in Baghdad.

Little changed in the field of Tigris river navigation. Fears that the Kut barrage would make steamship navigation impossible were aroused but could be allayed; a move made in 1934 by local rivals to question the rights of the Euphrates and Tigris Company led to nothing. River traffic on the whole diminished. The *Zobaida* was sold to India in 1935, the *Blosse Lynch* and *Tigris* as scrap in the same year and the *Khalifa* in 1937. In 1936 the Mesopotamia–Persia Corporation split again into its original components, the Lynch Company and Messrs. Gray Mackenzie. Four small gunboats were acquired by Government in 1937 for riverain police work, but were little used. The Port of Baṣra rendered steady service to the country. Its volume of traffic permitted it to pay regularly its capital instalments to the British Government, and by 1937 a debt of only £300,000 remained. The Port Trust, to be set up under the 1930 Treaty, did not appear; the Port was still administered by a Directorate under the Ministry of Finance. Its bar-dredging scheme operated with great success, repaid its loans, and kept open and improved the deep channel.[1] Two new dredgers were acquired. The Port administration completed a modern airport at Baṣra, furnished with a hotel and all facilities, and provided Baṣra city and suburbs with electric power and a modern water-supply. The ocean traffic using the Port increased substantially after 1935: first two, and later four, Japanese lines appeared, with one each of German, Indian, and Italian ownership and an occasional Russian, Swedish, and Greek steamer. The great bulk of the tonnage remained, as of old, British and British-Indian.

The 'Iraq Railways maintained their solvency and functions in spite of tribal interference, fluctuating traffic, largely obsolescent equipment, and serious road competition. The operation of the system was modernized as far as was practicable, and a rapid Baghdad–Baṣra daily service introduced. Negotiations with the

[1] The low-water depths in the Rooka channel (p. 208), achieved by successive phases of the bar-dredging scheme, were in 1926, 18 ft., in 1928–9, 20ft., in 1935–8, 23 or 24 ft.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

652 the same amount at 3 per cent. interest, redeemable in ten years. The loans, regarded as experimental, were well received but too small to be of deflationary value. The Banco di Roma disappeared in 1941. The State-owned Rafidain Bank opened in the same year and handled Government accounts; by 1945 its trading began to show profit. The Agricultural and Industrial Bank developed within narrow limits during the war period, and in 1945 a division into two separate institutions, for Agriculture and for Industry, was decided, to be followed later by connected Real Estate and Mortgage Banks. The Arab Bank (of Palestine) opened a branch in Baghdad in the same year.

722 The material development of the territory, which proceeded
496 hopefully till 1941, was thereafter of necessity neglected until the end of the war. But 'Iraq was at least fortunate in that, far from a record of destruction or retrogression—the common fate of Europe—it gained considerable additions, at others' expense, to its communication system. The railway rolling stock was augmented by war-time loans from the military authorities, current maintenance was assured by military help in vehicles and equipment from British or lend-lease sources and, for a time, by numbers of imported railway workers, and problems of excessive traffic—notably in goods for Turkey and the Levant, and in grain for movement to Baṣra—were amicably handled. The military Kut–
499 'Aziziya–Ba'quba line was removed after the war. By 1945 it was possible for the Railway Directorate to plan again in terms of major development; its projects included a Baghdad rail-and-road bridge (in replacement of the old waggon-ferry), a bridge at Musayib to give access to Karbalā, a modern station and office block and new marshalling yards at Baghdad, and a sixty-five-mile extension of the line from Kirkuk to Arbil, with a Lesser Zab bridge.[1]

722 The important developments at the Port of Baṣra and its vicinity
504 carried out by military agency included wharves, sidings and approaches, storage facilities, the Shaṭṭ al-'Arab bridge, and a Ma'qil–Ahwaz railway line. Considerable parts of these additions survived the disappearance of Paiforce, though the military jetties at Umm Qaṣr on the Khawr 'Abdullah, and the railway joining these to Baṣra, were dismantled. The military control of Tigris river traffic, relinquished in 1945, bequeathed a permanent legacy of river improvement and repair facilities. With the disappearance
505 of military traffic, the Lynch boats and their rivals could again dispute the civilian traffic, which could not long suffice for all.

[1] Other projects studied at the time were the conversion of all metre-gauge lines to standard gauge, a Baghdad–Homs line across the desert, a standard-gauge line from Kut into Persia, a Karbalā–Najf–Kufa line, and a standard-gauge Mosul–Diyarbakr connexion. None of these materialized.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

and Government throughout the first half of 1951 and were to embrace the production obligations of all the companies operating in 'Iraq and the royalties or taxes expected from them.[1] Under the influence of the 'nationalization' movement—but in more moderate form than the brutal self-mutilation of Persia—the 'Iraq Government decided in 1951 to nationalize the refining and distribution of its oil in so far as this was consumed in 'Iraq itself: the operation, that is, of the Khaniqin and Rafidain Oil Companies. Negotiations with these and with Anglo-Iranian, their parent, led to agreement on the basis that the Companies were to transfer their plant and assets to the State at a valuation, and to remain for ten years as operating agents on its behalf.

The Port of Baṣra in the period 1946–50 maintained and substantially improved its services—wharves and sheds, cranes and machinery—and, in spite of the increased cost of labour and supplies, could show a profit on each year's operations. It continued annually to pay off its capital debt, completing that process in 1951. It maintained and largely increased its electric-power and water supplies to Baṣra city. The airport, with its wireless service and its enlarged hotel, remained Port property. The dredging-depot at Fao was extended, an all-weather road constructed to link it by land to Baṣra. A shore depot was built at Ḥarmaq, opposite Abadan. The traffic using Ma'qil wharves decreased abruptly from the level of the previous five war years, but the tanker traffic of the Anglo-Iranian increased, until the spring of 1951, more than sufficiently to compensate for this. The development of a subsidiary port at Umm Qaṣr, on the Khur 'Abdullah, was a

[1] The new Oil Agreement, based on acceptance in August 1951 of the principle of equal division of profits between Government and Company, was ratified by Parliament in February 1952, and made retroactive to 1 January 1951. With the probable initial through-put (in a full year) of the 30-inch line (some 14 to 15 million tons a year) additional to the existing through-put (nearly 8 million) of the 12-inch and 16-inch lines to Tripoli, 'Iraq's revenues from this source were expected—on existing cost and price bases—to surpass £30 million in 1952 and to reach £60 million in 1955. Minimum production was agreed at 22 million tons a year (for I.P.C. and M.P.C. combined) from 1954 onwards, and 8 million from B.P.C. from the end of 1955. Government was assured that its receipts would be not less than a quarter of the seaboard value of I.P.C. and M.P.C. crude oil, and a third of that of B.P.C. Fluctuation of costs and of world oil prices was to be taken into account in ascertaining the divisible 'profits', and Government might, if it wished, take in kind 12½ per cent. of the crude produced, and either dispose of it or sell it back to the Companies. A large part of the balance of Government's revenue was to be received in the form of income tax. Minimum receipts to Government, guaranteed subject only to *force majeure*, were to be £20 million sterling in 1953 and 1954, and £25 million in 1955 and thereafter; in the event of a physically unavoidable failure in production a smaller minimum would be payable for two years. The Agreement covered in addition the doubling of 'Iraqi representation on the Boards of the Companies, restrictions on the appointment of non-'Iraqis to positions in the Companies, an increase (up to fifty per year) of 'Iraqis maintained in British universities for higher studies, and the extension of technical education organized by the Company in Kirkuk fields.

1: Longrigg G-4, 5 (ca. 1915-1940) MH1 Iraq MH1

504 considered project; and meanwhile, Fao bar-dredging operations, [503] designed to maintain a low-water depth of 23 feet in a substantially widened Rooka channel, proceeded throughout 1943 to 1950. But heavy floods and consequent silt movement caused serious difficulties and, the existing channel proving barely maintainable, the project of a new channel re-aligned in terms of the changed sea-bed conditions was in 1951 under close consideration. To its realization—the more necessary since 'Iraq's own oil traffic from the Zubayr field was likely to increase many-fold—the loss of the rich Abadan tanker revenue was a serious impediment;[1] but in general the future of the vital Fao channel, and indeed that of the Port in general, was under wise and far-sighted review.

505 The tonnage of steamers using the Port was more than half—and in some years more than two-thirds—British, with Dutch, American, Greek, Swedish, and Norwegian shipping well represented. The establishment of an all-'Iraqi Shipping Company continued to be an object of ambition among the interested and the nationally-minded, as a means of undercutting the freight rates charged by foreign lines. The post of Port Director was assumed, after two short tenures, in 1947 by Colonel G. T. Johnson, and in 1951 by R. C. Kelt. Accelerated steps were taken from 1948 onwards for the training, largely in Europe, of 'Iraqis for all posts in the administration, including the highest: an 'Iraqi Port Director was a probability of the near future.

Though transport by the 'Iraq waterways had as ever its irreplaceable part both in the lives of the riverain towns and as a main Baṣra–Baghdad artery, available traffic did not permit—as for a generation it had not permitted, save in war-time—any considerable development of the Tigris steamships. Military transport ceasing with the war, and competition by road and rail and air ever increasing, the Euphrates and Tigris Company in 1946 disposed of most of its surviving fleet, including the *Zenobia*; and early in 1951 it went into voluntary liquidation and sold the bulk of its towing-units and barges to its principal local competitor, Ḥannā al-Shaykh. The latter and members of the Khudhayri family remained active on the river to fill the place which, after ninety years, was now abandoned as unprofitable by the Lynch enterprise.

496 The 'Iraq Railways, which had embarked in 1945 (p. 320) on 499 important projects of construction, were faced also by a heavy programme of needed rehabilitation, improvement of services, and addition to rolling-stock. The five following years saw the com-

[1] The action of the Persian Government in bringing its oil industry to a standstill involved, besides its own ruin, a loss of at least £1 million a year to the finances of Baṣra Port and its dredging scheme.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

The Port

504 The Port of Basra, an autonomous public agency which also operates the civil airport, is efficiently run and capable of handling a considerable increase in traffic. In view of the adequacy of this port, the Mission sees no justification for the construction of another port at Umm Qasr as has been suggested from time to
503 time. The Port of Basra has been able to finance necessary capital improvements, as well as to pay off its debts, out of current surpluses and should be able to do so in the future except for the task of financing the dredging of a new and urgently needed channel across the Fao bar. The existing channel is subject to heavy silting which necessitates extensive dredging operations at a cost of ID 500,000 to ID 600,000 per year. Until recently it was expected that the Anglo-Iranian Oil Company would advance the funds necessary for this new channel, but recent developments in Iran, coupled with the fact that ample oil revenues will be available to Iraq for investment, appear to make it desirable that the Development Board finance this project.

The Railways

496 The state railways, which are the principal means of transport, are also well managed and have been fully able to meet traffic requirements. They have come in for considerable criticism, however, because of the serious financial difficulties in which they have become involved. The major source of these difficulties lies in the fact that, in 1944, the railways, with the full approval of the government, began a major capital development program without assurance of adequate financing. To defray the cost, the railways have had to use a fund of about ID 2,500,000 set aside for renewals and to borrow ID 1,000,000 from the government as well as £3,000,000 in the United Kingdom with the help of the Export Credits Guaranty Department of the British Government. The program was for the most part soundly conceived and is now largely completed. However, it has left the railways without adequate funds not only for essential renewals but also for other construction pro-
499 jects. One of the major and more controversial projects affected
496 is the erection in Baghdad West of a rather imposing terminal station and railway headquarters together with relocation of railway

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

relieved by low ranges and depressed areas of which the major one is the Wadi Tharthar. It is sparsely inhabited by pastoral nomads although in the North some settled farming, made speculative by irregular rainfall, is carried on.

The second region, extending downstream from Ramadi on the Euphrates and Baghdad on the Tigris and including the Diyala River Valley, is the area where most irrigation projects have been carried out in the past. Pump irrigation predominates on the banks of the three rivers where the land is high and water is easily accessible. For the more remote areas flow irrigation is provided by canals dependent on the Hindiya barrage on the Euphrates, the Kut barrage on the Tigris and the Diyala weir on the Diyala River. Here flow irrigation between the two main rivers is facilitated by the fact that in the Baghdad region the Euphrates is higher than the Tigris, while below Baghdad the Tigris is above the Euphrates. In this region barley is the principal winter crop, followed by wheat. Summer crops are limited by lack of water, but among them cotton has become in recent years by far the most prominent, leaving sorghum, sesame, green gram, corn and millet far behind. Fruit culture is important. Dates are widely grown, both for domestic consumption and for export; and the Diyala Valley in particular produces excellent citrus fruit. Rice is an important crop between Nejf and Diwaniya on the Euphrates and around Rumaitha farther down the river. The country's major concentration of population lies in the region comprising the district about Baghdad and the provinces of Hilla, Kerbela and parts of Kut and Diwaniya. It includes the capital, Baghdad, a city with a population of 550,000 and the leading commercial and industrial center of the country.

The third region—the Basra, Nasiriya, Amara triangle—is generally one vast marsh during the spring floods. Here the rural dwellings are of reeds and brushwood, in contrast to the rest of the country where mud huts and, in the mountains of the North, stone houses predominate. Rice grown in the naturally inundated marshland is the staple food, varied by fish; and the water buffalo is the prevailing type of livestock. Here also is the world's largest date palm belt stretching along both sides of the Shatt al Arab and contributing one of Iraq's principal exports. Basra, Iraq's only port, is the largest city of this region and handles most of the country's foreign trade.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

centers such as Amara and Kut are linked neither by rail nor by all-weather roads to Basra and Baghdad.

In Basra, Iraq possesses an excellent port capable of handling a considerable increase in traffic. Upcountry cargo into and out of the port is handled almost wholly by railway, for inland river traffic has declined greatly in importance owing to shallow water and other impediments to navigation.

The port and the railways are each run by an autonomous administration operating under a separate budget.

VII. Money and Banking

The banking system consists of the National Bank, five commercial banks, a number of private banks or *sarrafs,* the post office savings bank, and three state-owned longer-term financing institutions, the Industrial Bank, the Agricultural Bank and the Mortgage Bank.

The National Bank succeeded the Iraq Currency Board as the currency-issuing authority in 1949. Iraq is a member of the sterling area, so that its currency is backed principally by sterling assets in London. Although the law permits the currency to be backed up to 30 percent by Iraqi government securities, as of March 31, 1951, the total amount of currency in circulation was more than covered by sterling assets. Aside from its note-issuing function, the Bank is charged with the administration of foreign exchange control and the supervision of the banking system in accordance with a bank control law which became effective at the beginning of 1950. This law requires banks to keep the equivalent of 15 percent of their time and demand deposits as a reserve with the National Bank and to keep 50 percent of these deposits in the form of cash and investments in Iraq. The National Bank is empowered to reduce the reserve requirement to 10 percent and to vary the second between 30 and 70 percent. Since the commercial banks have had no need for recourse to the National Bank in order to replenish their cash resources, the Bank's loans and advances have remained very small. As of March 31, 1951, they

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

ANNEX E

TRANSPORT AND COMMUNICATIONS

489 Iraq's transport system, which is concentrated in the populated and cultivated eastern half of the country, converges on two points, Baghdad, the capital and trade center, and Basra, the country's only port.

● 504 The Port of Basra lies about 140 kilometers (85 miles) upstream from the Persian Gulf on the Shatt al Arab and is accessible to ocean-going ships of all sizes entering the Persian Gulf. Its site serves the economy of Iraq well, the junction of the cheaper ocean transport with the dearer inland transport being at the farthest practical point inland.

503 The Tigris and the Euphrates, together with their tributaries, offer natural transport routes. However, they have remained untrained and largely uncontrolled for centuries and, apart from a few short stretches on the rivers and their tributaries which are usable by local traffic, limited and restricted inland navigation is possible today only on the Tigris between Basra and Baghdad.

496 The railway system consists of three main lines, two of narrow gauge, one of standard gauge. One of the two meter-gauge lines is the main line from Baghdad to Basra, serving the most densely populated provinces besides connecting the two principal centers. The other links Baghdad with the northeastern provinces, east of the Tigris. The standard-gauge line runs from Baghdad on the right bank of the Tigris to Mosul, Iraq's second city, and beyond through a tip of Syria to Turkey, the Mediterranean and Europe. Until a year ago no physical junctions existed between the three main lines. Goods carried on both meter-gauge lines had to be ferried across the Tigris at Baghdad and then transshipped. The ferry has now been replaced by a bridge but the transshipment to and from the standard-gauge line remains necessary. Through passenger traffic between the three main lines is negligible.

491 A road system of approximately 8,000 kilometers (5,000 miles) covers the eastern half of the country, but most of the roads

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

On the whole the existing transport system serves the present needs of the country well, but there are certain shortcomings and problems. The principal difficulties are:

Insufficient means of transport in the Tigris valley between Baghdad and Basra, serving the Kut and Amara districts;

The lack of roads, shortage of surfaced trunk roads and non-existence of rural feeder roads;

The lack of control over road transport, urban as well as inter-urban and rural; and

The renewals and the gauge problems of the railways.

I. Ports

The Port of Basra was developed as a modern port from initial installations constructed during the first World War. During the second World War, the Port had to cope with a vast increase in traffic. Certain extensions, necessitated by military requirements, were carried out, including supply lines into Iran and through Iran to Russia, but normal maintenance, renewal and improvement works were severely restricted. The postwar period presented the problem of overcoming the arrears in maintenance and renewals, under an additional handicap of shortage of technical staff. Today the Port operates efficiently; it is equipped to handle all traffic, incoming and outgoing, without congestion and there is sufficient margin to cope with the increase in traffic to be expected from further economic development of the country. Particular credit must be given to the Directorate of the Port and a depleted but devoted staff for the results achieved.

The activities of the Port extend along the Shatt al Arab from the main wharves at Magil to the mouth at Fao. In addition to handling export and import traffic for Iraq, it also performs certain services for the Iranian oil port of Abadan; in recent years the number of ships calling at Abadan has been five to six times the number at Basra. The principal developments in the postwar period are set out in Table I. The activities of the Port cover a wide field. Besides actual port services such as harbor, wharves, sheds, pilotage, lighting and buoyage, civil, mechanical and elec-

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

trical engineering maintenance and works, the Port Directorate is responsible for the Magil airport and hotel and for radio communications, meteorological service, road construction and maintenance, power and light supply, fire service and water supply, health and education services over a wide area.

TABLE 1

OPERATIONS OF THE PORT OF BASRA

Year[1]	Cargo in Transit[2]	Total Tonnage Through Port[3]	Number of Ships		Gross Tonnage of Ships		Number of Staff
			Abadan	Basra	Abadan	Basra	
1942-43	273,847	341,415	814	637	5,554,550	3,659,127	652
1943-44	983,779	1,232,233	728	517	5,172,650	3,153,025	805
1944-45	759,111	1,061,525	902	439	6,904,399	2,619,431	806
1945-46	725,265	1,002,437	1,321	218	10,359,785	1,273,878	909
1946-47	724,334	1,199,459	1,500	244	11,118,810	1,434.178	989
1947-48	796,811	1,161,865	1,716	275	12,305,896	1,639,490	1,090
1948-49	713,100	1.583,318	2,018	352	14,755,192	2,011,566	1,059
1949-50	1,290,444	2,002,789	2,082	403	16,117,210	2,234,405	1,030
1950-51	439,153[4]	1,358,200[4]	1,936[5]	338[5]	15,321,115[5]	1,823,017[5]	1,025[5]

[1] Beginning April 1.
[2] Tonnage handled in the transit area at Magil.
[3] Total tonnage passed over wharf, overside and river.
[4] First 9 months.
[5] First 11 months.

The financial position of the Port is healthy in every respect. Practical economies have been pursued in the Port's operations; a general reserve has been built up; extensions, improvements, renewals and rehabilitation after the war have been carried out from revenues and properly maintained reserve accounts. Amortization and interest payments on the capital debt in respect of the Port's installations and equipment, supplied and financed by the British Government, have been made regularly, and the Port is now free from debt. The Port's dues and charges structure is well devised and, as shippers testified, reasonable in its levies on shipping.

A comparative statement of revenue and expenditure, covering all activities, for the war and postwar years is shown in the following table.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

TABLE 2

PORT OF BASRA BUDGET*

(in millions of dinars)

Year	Revenue	Expenditures			Balance
		Ordinary	Capital	Total	
1942-43	1.11	0.71	0.04	0.75	+0.36
1943-44	1.19	0.90	0.03	0.93	+0.26
1944-45	1.19	0.93	0.04	0.97	+0.22
1945-46	1.14	1.05	0.09	1.14	—
1946-47	1.25	1.14	0.10	1.24	+0.01
1947-48	1.51	1.27	0.22	1.49	+0.02
1948-49	1.66	1.50	0.18	1.68	−0.02
1949-50	1.62	1.43	0.19	1.62	—
1950-51	1.52	1.45	0.65	2.10	−0.58
1951-52	1.53	1.53	0.65	2.18	−0.65

* Actual budget figures for the years up to and including 1949-50; revised estimates for 1950-51, and budget estimates for 1951-52.

It will be noted that until recent years there was a surplus of income over both ordinary and capital expenditures. Current deficits are being met from the cumulative surplus of the past.

Development programs of the Port now in progress consist of an extension to the power station, extensions and improvement of roads in the Port area, machinery and plant for road maintenance, improvements of the airport, an extension of the hotel, new buildings, staff quarters, laborers' dwellings, river conservation work, and extensions and improvements to wharves and warehouses, including handling equipment. For the financial year 1951-52 the cost of this capital budget program has been estimated at about ID 650,000. Similar expenditures will be required in the years to follow.

The Dredging Scheme

The Port's most important maintenance works program is concerned with the dredging of the entrance channel through the Fao Bar, so much so that a separate budget is maintained for the Bar Dredging Scheme with its own revenues from dredging dues levied on shipping. Up to four and a half million cubic yards must be dredged in a year to maintain the channel's width and depth, at a cost of from ID 500,000 to 600,000 per year covered

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

ID 400,000 for the purchase of a new dredger. The Port cannot, 505
however, be expected to finance the construction of a new channel out of its own resources. The combined current receipts of the Port and the Dredging Scheme, together with the surpluses of the past, should be sufficient to cover the cost of ordinary capital improvements, but not of a large project such as the channel. It was originally expected that the Anglo-Iranian Oil Company might lend the necessary funds for the channel. Recent developments have made this possibility more remote, and in any event it may now be much more advisable to finance the project out of the oil revenues which will accrue to the Development Board.

Proposed Port at Umm Qasr

From time to time proposals have been put forward for the 504 ●
construction of a new port at Umm Qasr, on an inlet from the Gulf, south of Basra. Temporary installations at this site and a military branch line of the railway from Basra were in operation during the war. The alternative was warranted in those exceptional years, in case war operations should impede the operation of Basra Port. The Umm Qasr port installations have since been abandoned and there is now nothing left which might be used as a nucleus for port development. The advantage of a shorter entrance channel which would require less dredging than the river to Basra is offset by the considerably greater cost of inland transport over sea-going transport. The entrance is not free from silting, and the Fao bar will still have to be kept passable for Shatt al Arab shipping.

For several other reasons this project should not be pursued further at present. Basra Port is capable of handling much larger volumes of traffic than at present. The construction of a new port would be expensive; a new town would have to be built; the port would duplicate, not supplement, existing facilities; and the port would require communications with the hinterland involving additional capital expenditures for railways and roads. As mentioned earlier the new port's site would be nearer the sea, thereby shortening the cheaper ocean haul and materially lengthening the expensive overland haul. Trade concerns now well established at Basra would be reluctant to duplicate their operations at the new port, let alone transfer their business there.

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

504 Staff

The Port Directorate has done its best to train Iraqi personnel in every level of employment. It takes time to develop the highly specialized skills required but the training process is well advanced. In May 1951 two senior and seven assistant posts of primary importance remained unoccupied in the Port Administration, and two senior and two assistant posts of the same urgency were unfilled in the Bar Dredging Scheme offices. These should be filled promptly for a period of years by qualified foreign nominees. The training of Iraqi staff members in the Port's own territory and abroad should be continued and extended as much as is practical.

In summary, the Mission's recommendations concerning the Port's development problems are:

1. The training program to overcome the shortage of technical staff experienced in port operation, administration, maintenance and construction should be continued and expanded as much as possible.
2. The dredging of the new entrance channel should be carried out.
3. Construction of a new port at Umm Qasr should not be undertaken.

II. Maritime Shipping

505

The Port of Basra is extremely well served by many experienced world shipping lines. There is, therefore, no justification for the creation of an Iraq shipping line. Coastal shipping is nonexistent, since Iraq possesses only one port and neighboring countries can provide no traffic for such a venture.

III. Inland Water Transport

503

Nature has provided Iraq with a number of important waterways in its two large rivers, the Tigris and the Euphrates, and their many tributaries. Until a few years ago, the Tigris, in its lower reaches in the plains, was navigable at all seasons from

7: International Bank N, S-4 (1951) 1952 MH1 Iraq MH1

XII. Projected Cost of Proposed Programs

The projects recommended for consideration are summarized below as to cost and time of realization. The total cost which the Development Board might have to defray over the next five years would be approximately ID 31,000,000.

TABLE 11

COST OF TRANSPORT AND COMMUNICATIONS PROGRAMS SUGGESTED FOR DEVELOPMENT BOARD FINANCING

Project	Costs (in dinars)	Period (years)
PORT		
New channel	2,000,000	4
INLAND WATER TRANSPORT		
Study of river training by experts	Token	2
RAILWAYS		
Baghdad Station commitment	143,000	1
Baghdad new layout, provisional	100,000	1
22 continuation and completion projects under way	213,770	1
labor quarters	341,000	4
Rehabilitation and modernization projects	500,000	5
Renewals including diesel traction	6,300,000[a]	5
Extra for gauge conversion (tentative)	6,000,000	6
ROADS		
Trunk road system	14,500,000	10
Secondary road system	4,000,000	5
Road transport control	Token	1
URBAN TRANSPORT		
Baghdad transport services, workshops, garages and vehicles	500,000	3
AIRPORTS		
Baghdad development	300,000	2
Basra development	[b]	2
AIRLINES		
Iraqi Airways	600,000	4
POST, TELEGRAPH, TELEPHONE, RADIO		
Telephone extensions and buildings (if not financed from Communications budget)	300,000	Annually
Auxiliary power plant for transmitter	30,000	1
SURVEYS AND MAPPING		
Air surveys	40,000	Annually

[a] On assumption of gauge conversion.
[b] To be financed by Port of Basra.

3:Royal Institute of International Affairs U-4 (no date)1954 M1 Middle East
Iraq MAI

the main roads Baghdad–Kut–Amara–Basra and Baghdad–Kirkuk–Irbil–Mosul, which are at present unmetalled or only partially metalled. The Development Board has allocated nearly ID27 million to these projects.

Road traffic is light. At the beginning of 1953 the number of registered motor vehicles was given as follows, most of them operating in or around the larger towns: private cars 8,000; taxis 3,500; buses 2,900; lorries 6,500; motor cycles 1,900. In Baghdad an efficient bus service is operated by a State Passenger Transport Board. A private cross-desert bus service links Baghdad with Damascus, and there are private bus services between Iraq and Persia.

Basra Port,[1] lying some eighty miles up the Shatt al-Arab from the Persian Gulf, is the only commercial port of Iraq; an oil port is being constructed at Fao, near the mouth of the Shatt. A small port established during the Second World War at Umm Qasr, on a sea inlet south of the Shatt al-Arab entrance, has since been dismantled. The authority of the Port, which is controlled by a special department of the Iraq Government, extends from the outer bar of the Shatt to a point seventeen miles above the town of Basra. The Shatt is sufficiently deep to admit large ocean-going vessels, but the Fao bar at its mouth requires constant dredging to clear an entrance for the larger of them. During the Second World War extensions were carried out in view of the increased volume of traffic; in consequence there are now 4,500 feet of continuous jetty, providing berthing for eight large vessels at a time and two or three smaller ones, in addition to barge and lighterage berths. Basra Port handles a large proportion of the country's trade. During 1952 some 400 ocean-going vessels, with a net registered tonnage of 1,132,000, and some 260 tankers and water-carriers, with a net registered tonnage of 927,000, were handled by the Port Authority in Basra, Fao, Abadan, and Khorramshahr. During the financial year 1951–2 cargo imported at Basra totalled 511,600 tons and cargo exported 800,000 tons. The closure of Abadan has occasioned the Port a severe loss of revenue, estimated at ID100,000 a month; port and dredging facilities have nevertheless been maintained.

Inland Waterways. The Tigris between Basra and Baghdad is navigable for vessels of up to four feet draught from February to August except for short flood periods in April and May in some years; during the remaining five months navigation is impeded for long periods. Inland water transport has lost much of its former importance. The last remaining regular navigation

[1] See *Port of Basrah*, official publication of the Port Authority.

refinery on the river Alwand, near the town of Khanaqin.

The production of crude petroleum in Iraq amounted to 4,680,000 tons in 1946, 4,702,000 tons in 1947 and 3,427,000 tons in 1948, and is estimated at 4,326,000 tons for 1949.[2] The figures showing the crude petroleum production of the Middle-Eastern group, including Iraq, are given in an annex (see annex I, table 2).

135 Apart from petroleum, the subsoil of Iraq is rich in other minerals, such as coal, salt, sulphur, marble, limestone and various metals, including iron and copper. But the utilization of these resources has been delayed by the high cost of transport.

382 Although Iraq is so rich in petroleum, it has no refineries apart from the stabilization plant at Kirkuk, with an annual capacity of only 480,000 tons, and the Khanaqin Oil Company's small refinery on the Alwand, the daily capacity of which is 1,500 barrels, or 72,000 tons per year.

C. *Transport and communications*

Port

● 504 Basra is Iraq's only port. The designation "Port of Basra" generally refers to the whole length of the Shatt al-Arab, between the mouth of this river and the Naft-Umar lighthouse situated approximately 163 kilometres up-river from the Persian Gulf. The strip of land on the left bank of the river, between the Gulf and the Khaiyin Canal, is Iranian territory.

● 504 The port of Basra proper, which was founded in A.D. 636 or 637, a few years after the conquest of Mesopotamia by the Arabs, and has been razed and rebuilt through the centuries, is situated some 130 kilometres from the mouth of the river. The town of Basra, which, together with the port, constitutes an important commercial centre and is the terminal point of the caravan route between Arabia and the coast, is situated 3 kilometres from the port, on the bank of a small creek which joins the Shatt al-Arab. [503] The river[1] is sufficiently navigable up to and just beyond Basra to admit seagoing vessels of up to 10,000 tons. Nevertheless, access to the river is limited by the circumstance that dredging is constantly required in the Ruka Channel (7.2 kilometres) and the Fao Channel (nearly 10 kilometres); it is endeavoured by dredging to maintain a depth of 7 to 7.3 metres.

The maritime district of Basra is called Ma'agil. Its main pier is 1,525 metres long and has nine points where vessels may dock for unloading goods and five for loading; the draught varies between 7.3 and

[2] According to recent Press reports, the production of Iraq is expected to reach 5.5 to 6 million tons in 1950.

1. [the Shatt al-Arab--Analyst]

504 9.1 metres and is 9.7 metres by the buoys. The port has a floating crane with a capacity of thirty tons; a derrick with a capacity of eighty tons; seven general wharves, which cover an area of 13,000 square metres, are equipped with cranes with a capacity of up to eight tons and are served by the railway; and eight warehouses with an area of altogether 18,600 square metres.

According to authoritative sources, the port installations of Basra have been improved greatly in recent years by the addition of approximately 600 metres of docking space, by new cranes and more railway lines. The port of Basra is equipped with tugs and many barges and lighters; it also has a life-boat and two barges for life-saving, some divers and workshops for minor repairs. A railway links the port to Baghdad. Ma'agil has a modern airport.

The anchorage at Fao has a wooden jetty with a depth of 0.91 metres, and there is also a five-ton mobile crane and a repair shop for the dredgers.[8]

505 The port of Basra is in regular shipping communication with the United Kingdom, the United States, various European countries, India and the ports of the Persian Gulf. Basra is a regular port of call of many foreign shipping companies. Attempts to set up an Iraqi merchant marine have not yet succeeded.

503 Apart from the maintenance of the Ruka Channel, funds have been allocated for the purchase of new dredgers, in order to dig a new, more direct channel south of the existing one.

2: United Nations U-4 (no date) 1950 M1 Middle East M1
Afghanistan AU1
Iraq MH1

A
306 communications with Pakistan, India, the USSR, various European countries and the United States of America. Kabul has a radio station broadcasting
207 in the Pushtu language.

IV. General Remarks and Conclusions

ME
101 Geographers point out that formidable mountain barriers, which can only be crossed by difficult passes, separate Asia Minor from Asia proper and that the latter really begins only at the Mesopotamia plateau. As a matter of fact, although forming part of the same geographical group, Iraq, Iran and Afghanistan, generally speaking, have no natural connexions with each other. Furthermore, there is often no cohesion between the various regions in each of these countries.

241 From ancient times, the three countries have been essentially agricultural and they still remain so. The main occupation of the population, largely nomad, is agriculture and stock-raising.

I
489
[504]
[315] In different ways and to varying degrees, the economy of these countries is seriously handicapped by the lack of means of communication. Iraq, as we have seen, has for its foreign trade the excellent deep port of Basra, with its modern installations, and a long river channel, the Shatt al-Arab, linking it to the Persian Gulf. However, there are permanent obstructions at the river mouth which are a constant preoccupation to the Basra port authorities. In the case of crude petroleum, Iraq's chief export, the transport problem has been solved by the construction of the remarkable pipe-lines which vastly facilitate operations, save time and reduce cost. Lastly,